

SUNFIELD, SEBEWA AND DANBY
FIRE ASSOCIATION DISTRICT
COUNTIES OF EATON AND IONIA, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Sunfield, Sebewa and Danby Fire Assn. Dist.	County Eaton and Ionia
Fiscal Year End March 31, 2007	Opinion Date August 2, 2007	Date Audit Report Submitted to State August 27, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.


We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Barry E. Gaudette, CPA, PC		Telephone Number (231) 946-8930	
Street Address 731 S. Garfield Avenue		City Traverse City	State MI
		Zip 49686	
Authorizing CPA Signature 		Printed Name Barry E. Gaudette, CPA	License Number 11050

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Fire Association District Board
Sunfield, Sebewa and Danby Fire Association District
Eaton and Ionia Counties, Michigan

I have audited the accompanying financial statements of the governmental activities and each major fund of the Sunfield, Sebewa and Danby Fire Association District, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Fire Association District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Sunfield, Sebewa and Danby Fire Association District's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note I, the financial statements present only the Sunfield, Sebewa and Danby Fire Association District Fund (a special revenue fund) and is not intended to present fairly the financial position and results of operations of any of the participating municipality's, in conformity with accounting principles generally accepted in the United States of America.

Sunfield, Sebewa and Danby Fire Association District
Independent Auditors' Report
Page Two

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Sunfield, Sebewa and Danby Fire Association District, Eaton and Ionia Counties, Michigan, as of March 31, 2007, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Barry Standish, MS, PC

August 2, 2007

BASIC FINANCIAL STATEMENTS

Sunfield, Sebewa and Danby Fire Association District
Statement of Net Assets
March 31, 2007

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 163,775
Investments	117,034
Taxes receivable	13,734
Prepaid insurance	2,477
Capital assets (net of accumulated depreciation):	
Land	5,000
Building	9,600
Major equipment	517,927
Minor equipment	<u>32,284</u>
Total Assets	<u>861,831</u>
 NET ASSETS	
Invested in capital assets	564,811
Unrestricted	<u>297,020</u>
Total net assets	<u>\$ 861,831</u>

See notes to financial statements

Sunfield, Sebewa and Danby Fire Association District
Government-Wide
Statement of Activities
For The Year Ended March 31, 2007

Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Charges for Services</u>	<u>Operating Grants and Contrib.'s</u>	<u>Capital Grants and Contrib.'s</u>
Governmental activities:				
Public safety	\$ 71,085	\$ 5,068	\$ 176,543	\$
Other:				
Depreciation	<u>64,484</u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	<u>\$135,569</u>	<u>\$ 5,068</u>	<u>\$ 176,543</u>	<u>\$</u>

General revenues:

Interest earnings
Reimbursements

Total general revenues

Change in net assets

Prior period adjustment

Net assets - beginning

Net assets - ending

See notes to financial statements

**Net (Expenses)
Revenues and
Changes in
Net Assets**

\$ 110,526

(64,484)

46,042

5,751

5,282

11,033

57,075

5,407

799,349

\$ 861,831

Sunfield, Sebewa and Danby Fire Association District
Balance Sheet
Governmental Funds
March 31, 2007

	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$163,775	\$ 163,775
Investments	117,034	117,034
Taxes receivable	13,734	13,734
Prepaid insurance	<u>2,477</u>	<u>2,477</u>
Total Assets	<u>\$297,020</u>	<u>\$ 297,020</u>
FUND BALANCES		
Fund balances:		
Unreserved	<u>\$297,020</u>	<u>\$ 297,020</u>
Total fund balances	<u>\$297,020</u>	<u>\$ 297,020</u>

See notes to financial statements

Sunfield, Sebewa and Danby Fire Association District
Reconciliation of the Governmental Funds
Balance Sheet
With the Statement of Net Assets
March 31, 2007

Amounts reported for governmental activities in the
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 297,020
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Capital assets used in governmental activities
are not financial resources and therefore are
not reported as assets in governmental funds:

Cost of capital assets	1,071,126
Accumulated depreciation	<u>(506,315)</u>

Total Net Assets - Governmental Activities	<u>\$ 861,831</u>
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See notes to financial statements

Sunfield, Sebewa and Danby Fire Association District
Statement of Revenues, Expenditures, and Changes
In Fund Balance
Governmental Funds
For The Year Ended March 31, 2007

	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES		
Local sources:		
Township and Village contributions	\$ 176,543	\$ 176,543
Charges for services	5,068	5,068
Interest	5,751	5,751
Other:		
Reimbursements	<u>5,282</u>	<u>5,282</u>
Total revenues	<u>192,644</u>	<u>192,644</u>
EXPENDITURES		
Current:		
Public safety:		
Insurance	22,391	22,391
First response	11,482	11,482
Firemen expenses	7,060	7,060
New equipment	5,761	5,761
Miscellaneous	5,196	5,196
Consumers energy	4,679	4,679
Repairs	4,223	4,223
Accounting/training	3,606	3,606
Building maintenance	2,427	2,427
Fuel	2,274	2,274
Phone/internet	876	876
Officer and board	600	600
Water and sewer	510	510
Capital outlay:		
Major equipment	57,838	57,838
Minor equipment	<u>13,732</u>	<u>13,732</u>
Total expenditures	<u>142,655</u>	<u>142,655</u>
Net change in fund balance	49,989	49,989
Prior period adjustment	5,407	5,407
Fund balance-beginning	<u>241,624</u>	<u>241,624</u>
Fund balance-ending	<u>\$ 297,020</u>	<u>\$ 297,020</u>

See notes to financial statements

**Sunfield, Sebewa and Danby Fire Association District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the Year Ended March 31, 2007**

Amounts reported for governmental activities in the
statement of activities are different because:

Total net change in fund balances - governmental funds	\$ 49,989
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Governmental funds report capital outlays
as expenditures. However, in the statement
of activities the cost of those assets is
allocated over their estimated useful lives
and reported as depreciation expense.

The amount by which capital outlays
exceeded depreciation in the period.

Capital outlays	\$ 71,570	
Depreciation expense	(64,484)	<u>7,086</u>

Change in net assets of governmental activities	<u>\$ 57,075</u>
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See notes to financial statements

Sunfield, Sebewa and Danby Fire Association District
Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
-Budget and Actual
For the Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Townships and				
Village of Sunfield				
contributions	\$168,929	\$168,929	\$176,543	\$ 7,614
Charges for services	1,000	1,000	5,068	4,068
Interest	1,500	1,500	5,751	4,251
Other:				
Reimbursements	<u>1,000</u>	<u>1,000</u>	<u>5,282</u>	<u>4,282</u>
Total revenues	<u>172,429</u>	<u>172,429</u>	<u>192,644</u>	<u>20,215</u>
EXPENDITURES				
Public safety:				
Insurance	22,500	22,500	22,391	109
First response	17,000	17,000	11,482	5,518
Firemen expenses	7,000	7,000	7,060	(60)
New equipment	5,000	5,000	5,761	(761)
Miscellaneous	3,800	3,800	5,196	(1,396)
Consumers energy	5,000	5,000	4,679	321
Repairs	6,000	6,000	4,223	1,777
Accounting/training	5,000	5,000	3,606	1,394
Building maintenance	2,500	2,500	2,427	73
Fuel	2,500	2,500	2,274	226
Phone/internet	1,000	1,000	876	124
Officer and board	625	625	600	25
Water and sewer	510	510	510	
Capital outlay	<u>93,994</u>	<u>93,994</u>	<u>71,570</u>	<u>22,424</u>
Total expenditures	<u>172,429</u>	<u>172,429</u>	<u>142,655</u>	<u>29,774</u>
Net change in fund				
balance			49,989	49,989
Prior period adjustment			5,407	5,407
Fund balance-				
beginning	<u> </u>	<u> </u>	<u>241,624</u>	<u>241,624</u>
Fund balance-				
ending	<u>\$ </u>	<u>\$ </u>	<u>\$297,020</u>	<u>\$ 297,020</u>

See notes to financial statements

Sunfield, Sebewa and Danby Fire Association District
Notes to Financial Statements
March 31, 2007

I. Summary of significant accounting policies

The financial statements of the Sunfield, Sebewa and Danby Fire Association District (the Fire Association District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fire Association District's accounting policies are described below.

A. Reporting entity

The Townships of Sunfield, Sebewa and Danby organized the the volunteer fire department at a meeting on July 9, 1941. New by-laws were adopted and bound by a resolution signed by each municipality effective February 3, 1986. It is now called the Sunfield, Sebewa and Danby Fire Association District. It was established for the purpose of furnishing fire protection throughout the Township of Sunfield, including the Village of Sunfield, the Township of Sebewa, and a portion of the Township of Danby.

The Fire Association District's administrative board consists of five members who are appointed by the Townships and the Village of Sunfield; Sunfield and Sebewa each have two members, on a three year staggered term, a president and secretary/treasurer. This board appoints a fire chief for a term of three years staggered with the officers of the board.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Fire District. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Fire Association District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase,

use or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Fire Association District has no responsibility for any fiduciary funds. Major individual governmental funds are reported as separate columns in the financial statements.

C. Measurement focus, basis of accounting and basis of presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire Association District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when a payment is due.

Property taxes, interest and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Fire Association District and are recognized as revenue at that time.

The Fire Association District reports the following major governmental funds:

The *special revenue fund* is the Fire Association District's primary operating fund. It accounts for all financial resources of the Fire Association District.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, liabilities, and net assets

1. Deposits and investments

The Fire Association District's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Fire Association District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Fire Association District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

The Fire Association District Board has designated one bank for the deposit of Fire Association District funds.

2. Capital assets

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Fire Association District as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not

capitalized.

Property and equipment of the Fire Association District is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Office equipment	5 years
Fire trucks, pumpers, trailers	20 years
Vehicles	5 years
Minor equipment	5 years

3. *Compensated absences*

The Fire Association District does not have a compensated absence policy.

4. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

5. *Fund balance*

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of assets does not constitute "available spending resources". The designated fund balances for governmental funds represent tentative plans for future use of financial resources.

6. *Use of estimates*

The process of preparing general purpose financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events

as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

II. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Fire Association District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Management submits to the Fire Association District Board a proposed budget for the fiscal year commencing on April 1st. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31st, the budget is legally adopted by the Fire Association District Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. Management is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Fire Association District Board.
5. Formal budgetary integration is employed as a management control device during the year for the special revenue fund.

6. The budget as presented, has not been amended.

B. Excess of expenditures over appropriations

During the year ended March 31, 2007, the Fire Association District incurred expenditures in the Firemen expenses, New equipment, and Miscellaneous expense activities which were in excess of amounts appropriated by \$60, \$761, and \$1,396, respectively.

III. Detailed notes on all funds

A. Cash and Investments

Deposits

The Fire Association District's policies regarding deposits of cash are discussed in Note 1. The table presented below is designed to disclose the level of custody credit risk assumed by the Fire Association District based upon how its deposits were insured or secured with collateral at March 31, 2007. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the Fire Association District's (or public trust) or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Fire Association District's name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Fire Association District's name; or collateralized with no written or approved collateral agreement.

		<u>Custody Credit Risk</u>			<u>Total</u>
	<u>Total Bank</u>	<u>Category</u>	<u>Category</u>	<u>Category</u>	<u>Carrying</u>
	<u>Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
Demand					
deposits	\$ 3,337	\$ 3,337	\$	\$	\$ 3,111
Money market	<u>160,664</u>	<u>160,664</u>			<u>160,664</u>
Total					
deposits	<u>\$ 164,001</u>	<u>\$164,001</u>	<u>\$</u>	<u>\$</u>	<u>\$163,775</u>

Investments

The Fire Association District's policies and applicable laws regarding investments are discussed in Note 1. The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the Fire Association District (or public trust) based upon whether the investments are insured or registered and upon who holds the security at March 31, 2007. The categories of credit risk are defined as follows:

Category 1 - Insured or registered with securities held by the Fire Association District's or its agent in the Fire Association District's name.

Category 2 - Uninsured and unregistered with securities held by counterparty's trust department or agent in the Fire Association District's name.

Category 3 - Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Fire Association District's name.

	<u>Custody Credit Risk</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>		
Certificate of deposits	<u>\$ 35,999</u>	<u>\$ 81,035</u>	<u>\$</u>	<u>\$117,034</u>	<u>\$117,034</u>

A reconciliation of cash as shown on the statements of net assets follows:

Carrying amount of deposits	\$ 163,775
Investments	<u>117,034</u>
Total	<u>\$ 280,809</u>
Cash and cash equivalents:	
Special revenue fund	\$ 281,035
Checks written in excess of deposits	<u>(226)</u>
Total	<u>\$ 280,809</u>

B. Capital assets

Capital asset activity for the year ended March 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases (Decreases)</u>	<u>Ending Balance</u>
Governmental Activities:			
Capital assets, not being depreciated	\$ 5,000	\$	\$ 5,000
Capital assets being depreciated:			
Building	40,000		40,000
Major Equipment:			
1975 Tanker	13,000		13,000
1979 Dodge Power Wagon	33,000		33,000
1984 Pumper	51,829		51,829
1990 Telephone Dispatch System	20,055		20,055
1996 Fire Truck	82,558		82,558
1997 Surplus Tanker Truck	4,680		4,680
2000 GPM tanker/ pumper	265,062		265,062
2002 Gladiator Classic/ Evolution chassis	125,067		125,067
2004 Update 911 unit, turnout gear, tanks, radios, etc	56,366		56,366
2003 Spartan Fire Truck	170,212		170,212
2006 Chevy Truck		21,846	21,846
2006 Chevy 1 Ton Single Rear Wheel		35,992	35,992
Minor equipment:			
1994	3,062	(3,062)	
1995	2,647		2,647
1996	9,896		9,896
1997	16,872		16,872
1998	9,496		9,496
2001	15,502		15,502
2002	3,117		3,117
2003	9,317		9,317
2004	31,163		31,163
2005	13,330		13,330
2006	21,387		21,387
2007		<u>13,732</u>	<u>13,732</u>

	<u>Beginning Balance</u>	<u>Increases (Decreases)</u>	<u>Ending Balance</u>
Total capital assets being depreciated	<u>997,618</u>	<u>68,508</u>	<u>1,066,126</u>
Less accumulated depreciation for:			
Building	(28,800)	(1,600)	(30,400)
Fire trucks, pumpers, trailers	(262,768)	(33,825)	(296,593)
Other major equipment	(53,874)	(11,273)	(65,147)
Minor equipment	<u>(99,451)</u>	<u>(14,724)</u>	<u>(114,175)</u>
Total accumulated depreciation	<u>(444,893)</u>	<u>(61,422)</u>	<u>(506,315)</u>
Total capital assets, being depreciated, net	<u>552,725</u>	<u>7,086</u>	<u>559,811</u>
Governmental activities capital assets-net of depreciation	<u>\$ 557,725</u>	<u>\$ 7,086</u>	<u>\$ 564,811</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
Public safety	<u>\$ 64,484</u>
Total depreciation expense- governmental activities	<u>\$ 64,484</u>

IV. Other information

A. Risk management

The Fire Association District is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation). The Fire Association District has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

B. Pension Plan

The Fire Association District does not provide a pension plan for its employees.

V. Prior period adjustment

The Sunfield, Sebewa and Danby Fire Association District received \$5,407 from Sunfield Township during the fiscal year that is for the fiscal year ended March 31, 2007.

COMMENTS AND RECOMMENDATIONS

Members of the Board of Directors
Sunfield, Sebewa and Danby Fire
Association District
Eaton and Ionia Counties, Michigan

My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

It was not necessary to make comments or recommendations.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management and the Fire Association District Board and should not be used for any other purpose.

Barry E. Gaudette, CPA, PC

August 2, 2007